

EXHIBIT N

HIGHLY CONFIDENTIAL PURSUANT TO PROTECTIVE ORDER

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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

)
IN RE AUTOMOTIVE PARTS) 2:12-md-02311
ANTITRUST LITIGATION)

)
ALL PARTS CASES)

)
THIS DOCUMENT RELATES TO:)
ALL ACTIONS)

)
HIGHLY CONFIDENTIAL PURSUANT TO PROTECTIVE ORDER

30(b)(6) Deposition of Honda
BARRON UMEMOTO
Torrance, California
Thursday, November 10, 2016

Veritext Legal Solutions
Mid-Atlantic Region
1250 Eye Street NW - Suite 350
Washington, D.C. 20005

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1 the main functions for those.

2 Q. Okay. How long have you worked at Honda in the
3 area of MSRP and pricing issues?

4 A. Going on four years.

5 Q. You said you work at American Honda. That's
6 American Honda Motor Company?

7 A. Correct.

8 Q. Could you give me a brief description of how the
9 functions of the American Honda Motor Company fit into
10 the overall corporate structure of Honda?

11 A. Well, American Honda represents -- it's more the
12 sales side that I'm familiar with, so once the vehicle
13 gets built and the MSRP is set, which is more our area,
14 then the sales side takes over regarding trying to sell
15 the vehicle through advertising, marketing.

16 Then there's a service part of American Honda
17 that has to make sure that if there's any issues, they
18 know about it, and keep the vehicle -- if there's any
19 problems, they report it so that the next batch of
20 vehicles that come out are okay.

21 Q. Are there other Honda entities that are involved
22 in vehicle pricing?

23 A. It's primarily the product planning department.
24 Sales does sit in and have final sign off on the MSRPs
25 set.

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1 competitive market set, where we should be and based on
2 approval from the executive management, we go with that.

3 Once it's set, then our department also makes
4 sure that the papers, the data gets moved to the various
5 departments and eventually to the public and the
6 dealerships.

7 BY MS. CASSELMAN:

8 Q. Okay. Other than your conversations with
9 counsel, which I should have said you don't -- please
10 don't tell me about, how did you prepare for today's
11 deposition?

12 A. Just understand what my -- the department does.

13 Q. Okay. Did you have conversations with anyone,
14 again, other than counsel?

15 A. I reached out to a couple departments in which I
16 may have had some questions about their role.

17 Q. Which departments were those?

18 A. Sales regarding fleet.

19 Q. Who did you reach out to in sales?

20 A. Charles Aiesi.

21 Q. Could you spell that?

22 A. A-I-E-S-I is the last name, Charles, first name.
23 He's a senior manager in the incentives group.

24 Q. And did you say that you also looked at some
25 databases? I apologize, I don't have the text in front

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1 of me, but you said something about looking at data.

2 MR. PURCELL: Object to the form.

3 THE WITNESS: I went and looked at what vendors
4 we use to compile competitive data.

5 BY MS. CASSELMAN:

6 Q. Thank you. Okay. So I want to ask you about
7 the types of pricing data that are available at Honda.

8 Could you give me a brief overview of the types
9 of data and the documents that might exist relating to
10 vehicle pricing at Honda?

11 MR. PURCELL: Object to the form.

12 THE WITNESS: When you say "pricing," are you
13 talking MSRP?

14 BY MS. CASSELMAN:

15 Q. Well, my understanding, and yours is almost
16 certainly going to be much better is that there are
17 different kinds of pricing, MSRP pricing, wholesale and
18 dealer invoice prices, and I want to ask about all of
19 those in turn, so what I'm asking for now is just the
20 broadest sense of pricing at Honda and then we'll get
21 into the specifics.

22 A. Okay. So our focus is MSRP based on competitive
23 set, that's what we base our MSRP on. The invoice price
24 is a set amount that's changed by sales, at the
25 executives, and it has to do with a dealer margin.

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1 Q. So are you involved in the invoice pricing or do
2 you purely come up with MSRP and then people in sales
3 take it from there?

4 MR. PURCELL: Object to the form.

5 THE WITNESS: If they want it changed, sales is
6 the lead, but we would have to be part of the committee,
7 because we control it when we distribute to the various
8 departments, so we may have to make sure we're on the
9 same page. In saying that, it hasn't changed in years,
10 and --

11 BY MS. CASSELMAN:

12 Q. What hasn't changed in years?

13 A. The dealer invoice amount, the margin of the
14 various vehicles.

15 Q. So if there's something about my question that
16 doesn't sound right to you, it's because I'm not a
17 vehicle dealer pricing expert, so I'm very much
18 welcoming you to correct me and say your question
19 presumes something that's not correct, please let me
20 know.

21 A. Okay.

22 Q. I'm here to learn.

23 You mentioned a committee. Is there a committee
24 that deals with the turning MSRP pricing into dealer
25 invoice pricing?

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1 Our proposal at the various trim levels. When I
2 say "trim levels," it's the, for example, Accord LX, EX,
3 and then there's a touring, for example, so you have low
4 price, high price. And then from there we also report
5 off the profit of the model.

6 Q. So I'm interested in learning the different
7 kinds of data and what you're working with in what
8 you've just described.

9 You first described information from vendors
10 that sounded like competitor MSRP info.

11 A. Yes.

12 Q. Where does that -- does Honda maintain that
13 information?

14 A. Yes. We maintain those presentations in our
15 shared drive.

16 Q. When you say the presentations, you mean when
17 you go and you make your proposal you guys have all the
18 information in the proposal?

19 A. Correct. It's a PowerPoint.

20 Q. It's a PowerPoint, okay.

21 Where is that stored?

22 A. In a shared drive within our department, shared
23 file.

24 Q. And what kind of volume are we talking about?
25 Like how much data is stored in that drive?

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1 the vehicles.

2 BY MS. CASSELMAN:

3 Q. What types of information would be in that
4 folder?

5 A. It's just -- it's the database of the cars that
6 are in our -- in our -- that we have use, I guess in our
7 fleet, and who's in the car at that time, so if an
8 executive wants to get into a car, they know who to kick
9 out and put that executive in.

10 Q. Very efficient.

11 All right. Any other folders that you can think
12 of in the pricing and cross brands group area?

13 A. I'm trying to think. No, not really. There's
14 some folders in there, but I don't access all of them.
15 Again, the ones that are primary are the ones that I
16 mentioned.

17 Q. Now, I'd like to ask you about the product
18 planners folder and the folders in there. I just want
19 to tell you I should have mentioned this earlier: "I
20 don't know" is a perfectly fine answer. If you're not
21 in this group and you don't know, just tell me you don't
22 know, but to the extent you do it sounds like maybe you
23 know some of this.

24 What folders are in the product planners section
25 of the shared drive?

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1 A. It's the models, and within the models, they
2 have various stages and within the various stages they
3 have what we call the S-Side presentation, so what the
4 planners present at the various stages, the evaluation
5 stages.

6 Q. Okay. So the model folders are the same, it's
7 A0 through E2?

8 A. Correct.

9 Q. Could we go through those and you tell me which
10 documents are in each folder for the product planners
11 section?

12 A. The document basically from, let's say A00, is
13 their image of where the MSRP should be, the customer,
14 the target market, the segment, the inflow, outflow of
15 customer, who's coming into a Honda group, where are
16 they leaving to, demographics, competitor set, where
17 there are changes. So you have a sheet that shows
18 Toyota and Nissan and Ford, where their FMCs are, full
19 model changes, compared to ours.

20 What we expect on those vehicles on the
21 competitor vehicles, that type of information, to
22 basically build a story for MSRP and mix, "mix" meaning
23 trim mix.

24 Q. Right. Okay. So that sounds like a lot of
25 different kinds of information that would be in there.

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1 ones also for confusion. So no one -- if someone's
2 looking back and pulls the wrong -- they can get the
3 correct file, the one that was presented versus the one
4 that was being built.

5 Q. Do you know if the drafts are being stored
6 anywhere?

7 A. No. I know for us, we would delete them because
8 it's no longer relevant 'cause there could have been a
9 change to the MSRP or change to something that made
10 those not needed.

11 Q. And the same question for the sales planning
12 section: Do you know if they delete their intermediate
13 drafts?

14 A. I'm not a hundred percent sure but if I need to
15 research a file and I go into the shared drive for a
16 certain model I see one presentation.

17 Q. Okay.

18 A. One PowerPoint.

19 Q. Would there be any significant information
20 conveyed between you and your colleagues via e-mail that
21 doesn't end up in the shared drive somehow?

22 A. In --

23 Q. I'm just trying -- so you look confused, let me
24 rephrase the question for you.

25 A. Thank you.

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1 Q. So I'm trying to understand if when you e-mail
2 your colleagues they might share information that would
3 be significant to your MSRP pricing decisions. Would
4 any of that information in those e-mails not make it
5 into stuff that's in the shared drive documents?

6 A. I don't -- no. I mean, the communication
7 regarding changing MSRP or mix, it may be in the -- they
8 may say can you look at this and we would look -- and we
9 would put it into the breakdown to simulate, but if they
10 choose not to use that, then we don't -- it's not kept.

11 Q. So we went through all the folders that are
12 associated with the stages of a model in A000 to E2.

13 Which folders don't exist for mid-year model
14 changes?

15 A. So the mid-year is a shorter cycle, so there may
16 be -- I couldn't tell you off memory which stage is
17 skipped, but there's no A00, I mean, the starting point
18 becomes the previous model. And from there it builds to
19 the various stages.

20 I don't think it goes -- because it's a
21 condensed amount of time, you don't need as many stages.
22 How many -- they call it a speed flow in that there are
23 stages that are closer together, but there's not as
24 many. The quantity, I honestly don't remember how many.

25 Q. But the same types of information would be in

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1 time?

2 MR. OAKES: Object to form.

3 MR. PURCELL: Object to the form. It's also
4 beyond the scope.

5 THE WITNESS: That's not in my area.

6 BY MS. LI:

7 Q. So the answer is you don't know?

8 A. I don't know.

9 Q. I believe you were talking about an approval
10 process when the initial MSRP was set.

11 A. Yes.

12 Q. Is that the same approval process or is that a
13 different approval process from the final approval
14 process?

15 MR. PURCELL: Object to the form, asked and
16 answered.

17 THE WITNESS: So our sales side execs, we have
18 to present our sales pitch and that includes MSRP image
19 to our sales execs before we can go forward in the
20 various stages.

21 BY MS. LI:

22 Q. So does that mean you have an approval process
23 set for every stage?

24 A. If there's a change -- if there's a change to an
25 MSRP. If there's change to -- from one stage to the

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1 next, we would have to have an approval from our
2 evaluators, and of course, at final pricing when we set
3 MSRP it's the evaluators executives who give the final
4 approval.

5 Q. So I believe you said that you receive cost
6 information from manufacturing side?

7 A. Yes.

8 Q. Did that cost information include material
9 costs?

10 A. It's total costs, so cost to make the car from
11 outsource and in-house, plus the condition costs which
12 are updated based on the budget -- the quarterly budget
13 numbers.

14 Q. When you say "outsource costs," do you mean part
15 costs?

16 A. Part cost, yes. Outside of where the -- yeah,
17 the in-house cost, so the cost inside the factory that
18 makes it plus all of the various costs that come from
19 the outside, they call it outsource costs.

20 Q. And when you receive that cost information, what
21 I'm trying to figure out is what we understood from the
22 previous testimony from Honda, the cost of parts, let's
23 use the phrase "price," the price that's being
24 negotiated for vehicle cars fluctuates.

25 So I'm trying to figure out, when you receive

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1 the cost from the factory, is that the final contract
2 price for those cars or is it a changing price that
3 you're receiving?

4 MS. TRAGER: Objection.

5 THE WITNESS: In the early stages the car isn't
6 built yet, so it's based on design. And there's some
7 cost assumptions that once it gets to the various stage,
8 those are the costs they are assuming for the car, and
9 we use those costs and calculate the profit.

10 As it gets later in the stage, the costs should
11 become more accurate, because at a certain timeframe we
12 cannot add any features, we can't make changes, so but
13 the cost is basically the cost of the vehicle.

14 BY MS. LI:

15 Q. That would be the final price that's agreed upon
16 with the parts suppliers?

17 MS. TRAGER: Objection.

18 MR. PURCELL: Objection to form, beyond the
19 scope.

20 THE WITNESS: That, I don't know.

21 BY MS. LI:

22 Q. Okay. So previously you gave us names of the
23 product planners and you gave us models that each
24 planner is responsible for.

25 Is it accurate to say each product planner is

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1 responsible for one model?

2 MR. PURCELL: Object to the form.

3 THE WITNESS: Depending on if there's -- if we
4 have a shortage and there could be multiple models. If
5 there's no planner, then the manager will have to become
6 the planner. We call them "planagers," made up word.

7 BY MS. LI:

8 Q. So is there any internal policies about who
9 should be, like which planner should be responsible for
10 which models?

11 MR. PURCELL: Beyond the scope.

12 THE WITNESS: No. It's a determination of the
13 management who they believe they should put on certain
14 models.

15 BY MS. LI:

16 Q. So there is no written policy about that?

17 MR. PURCELL: Asked and answered, beyond the
18 scope.

19 THE WITNESS: No. If someone is new you
20 probably are not going to put them on a strong model,
21 high volume, high profile model like the Accord.

22 MS. LI: Thank you. I think that's all I have.

23 MS. TRAGER: I have a few more.

24

25

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FURTHER EXAMINATION

BY MS. TRAGER:

Q. Thank you, Mr. Umemoto.

You just mentioned that when profits are calculated a certain incentive spend is assumed; is that right?

A. Correct.

Q. What data or documents would reflect this and how it's determined, the incentive spend?

A. So -- sorry. We would receive information from our finance department, and again, it goes historically, they'll look at, I think, it's a 12-month run. I'm not a hundred percent sure, but they forecast a certain amount for the next 12 months, and that's the amount that we use.

Q. Okay. Thank you.

With respect to the documents that are reviewed or created by your department, would they in any way enable someone to track which particular component parts of the vehicle ended up in which particular cars in the U.S.?

A. From our documents? I don't believe so.

Q. Are there any other documents at Honda that you're aware of that would allow such tracking to be done?

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1 A. Maybe purchasing.

2 Q. Okay.

3 A. Yeah.

4 Q. Do any of the data or documents that the pricing
5 team considers in setting MSRP include information on
6 the prices or cost to Honda of individual component
7 parts of a vehicle?

8 A. Not parts. I think I mentioned before like a
9 feature, and I'm using the eight-way power seat. As a
10 whole, if it brings value then we probably should -- we
11 probably could apply MSRP to it.

12 Q. So there's a distinction there between feature
13 and component part, like component like a bearing or --

14 A. Yeah. No, we don't --

15 Q. It's more aggregated than that, is what you're
16 saying?

17 A. Yeah. The feature, not individual parts within
18 the feature.

19 Q. Right. And what information is available
20 regarding an individual parts effect, if any, on the
21 MSRP of the vehicle that that component is incorporated
22 into?

23 MS. LI: Objection, form.

24 THE WITNESS: I don't -- we don't see it on that
25 level.

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1 BY MS. TRAGER:

2 Q. You mean you don't think there's such an effect
3 or something else?

4 MR. PURCELL: Objection, form.

5 THE WITNESS: When we receive the information,
6 if the cost of a feature is \$500 that's the amount that
7 we have to use to determine whether we can charge for it
8 or if --

9 BY MS. TRAGER:

10 Q. So when I say "component part" here, I'm
11 actually not talking about features. I'm talking about,
12 for example, an individual bearing inside a car.

13 A. No, then we don't. We don't -- well, can you
14 repeat your question?

15 Q. So what information is available regarding an
16 individual part, like a bearing, its effect on the MSRP,
17 if any?

18 A. There is none.

19 MS. LI: Form.

20 BY MS. TRAGER:

21 Q. Thank you.

22 Just to clarify, there's no data or documents or
23 there's no effect?

24 A. From our point of view, there's no -- we don't
25 receive data for a specific -- those specific parts and

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1 STATE OF CALIFORNIA) ss.

2 COUNTY OF LOS ANGELES)
3

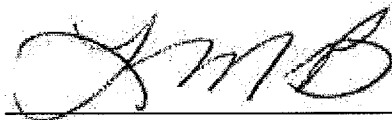
4 I, Lori M. Barkley, CSR No. 6426, do hereby
5 certify:

6 That the foregoing deposition testimony taken
7 before me at the time and place therein set forth and at
8 which time the witness was administered the oath;

9 That the testimony of the witness and all
10 objections made by counsel at the time of the
11 examination were recorded stenographically by me, and
12 were thereafter transcribed under my direction and
13 supervision, and that the foregoing pages contain a
14 full, true and accurate record of all proceedings and
15 testimony to the best of my skill and ability.

16 I further certify that I am neither counsel for
17 any party to said action, nor am I related to any party
18 to said action, nor am I in any way interested in the
19 outcome thereof.

20 IN WITNESS WHEREOF, I have subscribed my name
21 this 14th day of November, 2016.

22 
23

24 LORI M. BARKLEY, CSR No. 6426
25